

Financial statements as an information base for the analysis and management decisions

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Abstract

The processes and events taking place in an organization, and the results of financial and economic activity are represented by a variety of information which in turn in the aggregate forms an information base for analysis. The leading place among the information needed for the analysis is taken by accounting data and financial reports of the company to which, in turn, increased requirements are applied at the present stage of improvement accounts and records. However, the data of financial statements of Russian companies for a number of years, as a rule, are not comparable due to the frequent changes in accounting policy caused by changes in legislation, registration forms, as well as failing to take inflation into account. The main reasons for the low demand for accounting data for managerial purposes are that in most cases they were incomplete, and also financial statements were low reliable. We have selected two groups of respondents for their study the first of them consists of the heads of Russian companies reporting under RAS (Russian Accounting Standards), and the second of CEOs of the companies that prepare financial statements both under RAS and IFRS. Based on the survey, we found that the companies preparing the statements both in accordance with RAS and IFRS, have more accurate figures of financial statements than the companies that use RAS. We have found that financial statements data are more in demand to external users than the internal ones, and the reason for this is the lack for external users of other sources of information, while internal users use all possible sources of additional information about the property and financial condition of an enterprise.

Keywords

Financial statements, IFRS, Information database, RAS, Reliability, Respondents, Transparency